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THE ENGLISH BUILDING GUILDS: AN EXPERIMENT IN INDUSTRIAL SELF-GOVERNMENT

GROWING INTEREST OF TRADE UNIONS IN INDUSTRIAL SELF-GOVERNMENT

The last eight years have seen the adoption by a number of the younger leaders of the British trade-union movement of the ideal of industrial self-government. In June, 1914, the annual meeting of the National Union of Railwaymen resolved unanimously,

that this congress, while reaffirming previous decisions in favor of nationalization of the railways, declares that no system of state ownership of the railways will be acceptable to organized railwaymen which does not . . . allow them a due measure of responsibility and control in the safe and efficient working of the railway system.¹

At the annual conference in May, 1919, of the Postal and Telegraph Clerks' Association, it was emphatically pointed out that the control demanded by the postal employees included participation in directing the technical improvement of the service for the good of the community.² In 1919 the Miners' Federation brought formally before the Coal Industry Commission a request not only for the nationalization of the mines, but of joint control by the

¹ *N. U. R. Agenda and Decisions of Annual General Meeting*, June, 1914, p. 7.

² *Postal and Telegraph Record*, May 22, 1919, p. 237.

workers and representatives of the government.¹ A few months later a proposal identical in principle was put forward by the Building Trade Union workers at Manchester for the conduct of building activities. This plan of the building-trade workers, to organize as guilds of builders to construct working-class houses for the community on a non-profit basis, is now in operation, and forms the subject of this paper.

HISTORICAL BACKGROUND OF PRESENT GUILD MOVEMENT

Experiments of this nature are not altogether new. Three times during the nineteenth century the idea of doing without capitalists or employers, and organizing the work of production on a basis of democratic self-government, has taken hold upon the working class. The idea of autonomous associations of producers was a feature of the Owenite movement of 1833-34, and led its participants to the formation of a "Builders' Guild" whose projects attracted widespread attention.² Sixteen years later the Christian Socialists, taking their ideals from Louis Blanc and the Paris socialists of 1848, attempted to set up self-governing workshops in which little groups of independent workmen should jointly own the instruments of their trade.³ Again from 1871 to 1875 the plan of regaining possession of the instruments of production by the workers was urged by many bodies of trade unionists and a number of experiments in co-operative production were undertaken.⁴ These failed, as had the Owenite and Christian Socialist attempts, and for three decades British trade unionism accepted practically without challenge the existing system of production.

Between 1905 and 1912, however, there arose among the wage workers propagandist groups led by men such as James Connolly and Tom Mann, preaching industrial unionism and syndicalism.⁵ The ideal of autonomous, co-operative production thus urged appealed to many in the trade-union movement, but the typical

¹ G. D. H. Cole, *Chaos and Order in Industry*, p. 183.

² Kirkup, *History of Socialism*, pp. 58-70.

³ Webb, *Problems of Modern Industry*, p. 272.

⁴ S. and B. Webb, *History of Trade Unionism*, pp. 335-39.

⁵ Kirkup, *op. cit.*, pp. 297-301.

Englishman, worker and "intellectual" alike, shrank a bit from the violent and revolutionary methods proposed. It remained for a new group of thinkers, styling themselves National Guildsmen, to tie up the ideal of industrial autonomy with more acceptable constitutional methods.

As far back as 1906 Mr. A. J. Penty had published a book, *The Restoration of the Guild System*, in which he revived the Owenite proposal to develop existing trade unions into great, autonomous associations of producers. In 1911 a series of articles of like tenor by A. R. Orage and S. G. Hobson appeared in the *New Age*.¹ This series of articles gave the movement definite form, and, by associating its aims with the existing structure of British trade unionism, made it a practical force.

In 1914 Mr. W. Mellor, since general secretary of the National Guilds League, began to develop guild ideas by regular articles in the *Daily Herald* designed to associate these aims with trade unionism. At London in 1915 the National Guilds League was formed. Guild principles were further developed by G. D. H. Cole and his associates, and widespread propaganda on the part of the league won to the movement a number of influential trade unionists. The nature of the union demands cited in the introductory paragraph of this article indicates how far guild ideas had taken root in the trade-union world by 1919. In January, 1920, the building-trade unions at Manchester,² under the leadership of S. G. Hobson and following closely a plan worked out by Malcolm Sparkes, "father" of the Building Trades Parliament, formed a guild of builders to provide homes for the working-class people of Manchester.

The nature of this undertaking may best be understood in the light of contemporary conditions in the building industry. After 1890 the builders' trade unions had declined in power³ and their energy had been wasted in innumerable small disputes with local employers. Large employers in the building industry were few outside of London.⁴

¹ Afterward published in a volume, *National Guilds: an Inquiry into the Wage System and the Way Out*, edited (1913) by A. R. Orage.

² *Journal of American Institute of Architects*, March, 1920, p. 8.

³ S. and B. Webb, *History of Trade Unionism*, pp. 481-83.

⁴ Ordway Tead, *Journal of American Institute of Architects*, February, 1921, p. 33.

The industry had become technically inefficient, jobs were poorly managed, and employment was extremely irregular. The pre-war years had seen continued depression in the building industry, and the war shut down private building altogether.¹

A forecast of improvement came with the formation in 1918 of the National Federation of Building Trade Operatives in which all thirteen of the national building-trade unions joined forces. Shortly after this came the establishment, jointly with the employers, of the Building Trades Parliament. This body, for the creation of which Malcolm Sparkes was primarily responsible, is the most noteworthy of the Whitley Councils organized during the war-time emergency. The Building Trades Parliament appointed a committee on management and costs which reported August 14, 1919, recommending the pooling of surplus profits in the industry, improvement in management methods, payment to capital of only market rates, and the elimination of unemployment. The report was received with favor by only a very few of the employing members of the Building Trades' Council and after a year it was dropped without action. Meanwhile Malcolm Sparkes, who had urged the adoption of the report, and who was a member of the management and costs committee, had prepared an appendix in which he urged the inclusion of architects in the organization of builders, and self-government for the workers in the building industry.

Meanwhile the Manchester building-guild movement was spreading rapidly. In May, with the assistance of Malcolm Sparkes, the London operatives organized. In September the Ministry of Health approved contracts with the Manchester and London guilds for a total of more than 800 working-class houses. By November 1, 1920, more than eighty local guild committees of building-trade workers had organized for work. With December, work was begun on five government contracts for 635 houses; three contracts for 561 houses had been signed and sanctioned; and several further contracts, involving the erection of more than a thousand houses, had been accepted and were waiting the approval of the Ministry of Health.²

¹ G. D. H. Cole, *Chaos and Order in Industry*, p. 172.

² *Guildsman*, December, 1920, p. 7.

STRUCTURE OF BUILDING GUILDS

Turning now to the way in which the guilds are organized for administration, we find that control rests finally with the men who do the work. The district guild committee is the basic unit, and upon it is represented every essential function in the building industry.¹ One delegate is chosen by each district union affiliated with the district section of the National Federation of Building Trade Operatives, and one by each new organization formed among administrative, technical, and clerical workers. Provision is also made for one representative from the workers on each local contract within the district. Each committee thus consists of twenty or more members and constitutes a board of directors. Details of administration are handled by executives or special committees chosen by the board. General foremen are nominated by area committees and ratified by the guild committee. Departmental foremen are elected by the workers of the trade concerned. It is important here to notice that the executive is responsible, not to his own staff as in past attempts at workshop self-government, but to the entire organization of building-trade operatives in the district, thus giving him that security necessary to fearless and efficient administration while maintaining democratic control.

The London District Guild Committee is registered under the Industrial and Provident Societies Acts, 1893-1913, as the Guild of Builders (London), Ltd. Each member of the committee holds a one-shilling share in the society. He also deposits with his electors a signed open transfer, thus giving them power to replace him at any time. The shares are for registration purposes only and carry no dividend. The committee has power to sign contracts; to appoint, dismiss, and fix the salaries of managers and general foremen; to carry on the work of builders and general contractors; and to undertake all branches of supply whether merchandising, manufacturing, or transporting. The Manchester committee, similar in structure and purpose, is organized under the no-profit clause of the Joint-Stock Company Acts of 1908-17.

¹ The facts here given concerning guild organization and forms of contract were taken principally from materials furnished the writer through the kindness of Mr. Malcolm Sparkes.

On July 23 of this year there was held at Manchester a national conference of district guild committees at which was adopted a constitution for a national guild.¹ The plan called for regional councils and a National Board; these are now being formed. The London Guild of Builders has become the regional council for the Metropolitan area. In general the regional councils coincide with the regional organization of the National Federation of Building-Trade Operatives. At least ten guild committees are necessary to constitute a regional council, there being one representative upon the latter from each guild committee. Regional councils have authority to enter into small contracts, and are to further the co-operation of guild committees in the purchase and transport of materials. The governing body of the National Building Guild is the National Board, consisting of one representative from each regional council, elected for a term of three years by the guild committees. Recall may be exercised by a two-thirds majority. The National Board becomes legally responsible for contracts, and has full power over questions of credit and finance. It also provides for and administers the fund for continuous pay discussed below.

NATURE OF THE BUILDING CONTRACTS

Thus far almost all of the building undertaken by the guilds has been in connection with government housing schemes. England is in desperate need of houses for her wage-workers, but the economic rent upon such houses built under present high costs is far beyond what the workers can pay. Under the Housing and Town-planning Act of July, 1919,² the Ministry of Health was empowered to require local authorities to undertake the building of working-class houses under supervision of the ministry, the government to bear 75 per cent and the local authority 25 per cent of the cost in excess of a value based upon a reasonable rental. Guild contracts with local authorities have thus depended upon the sanction of the Ministry of Health, and the work done has been under its constant inspection.

The guild form of contract approved by the ministry creates an arrangement under which the guild executes the whole of the

¹ *Guildsman*, August, 1921, p. 6.

² *Monthly Labor Review*, August, 1920, pp. 144-57.

work, the Co-operative Wholesale Society undertakes to supply the materials, and the Co-operative Insurance Society guarantees the performance of the contract. The liability of the Insurance Society is limited, however, to 20 per cent of the estimated cost, the premium being at the rate of 5s. per £100. The guild recruits its working force, administrative, technical, and operative, by call for volunteers. The price paid by state and local authority is the prime cost of material and labor at standard rates, with the addition of £40 per house to enable the guild to guarantee continuous pay to its workers in all contingencies, plus 6 per cent calculated upon the estimated cost, to provide for plant, for office administration, and for interest upon such capital as must be borrowed. Although the guild is responsible for errors and defects in workmanship, the foregoing arrangement constitutes in effect a cost-plus contract in which the maximum liability of the contractee cannot be known until the building project is completed. The initial cost of plant and equipment for the builders was met by a loan from the Co-operative Wholesale Society's bank. Other problems of finance were simplified by the agreement of the government to pay currently for 80 per cent of the value of the work done.

But the stoppage of further house-building schemes by local authorities (brought about by the withdrawal of the government housing subsidy) has now forced the guilds to look to private building for future contracts. And, although economies have been considerable upon houses already completed under the cost-plus contract, its form is objected to by the private builder because it does not assure him in advance as to his maximum liability. Accordingly a new form of contract has been adopted called the "maximum sum contract" and in future the guilds will be prepared to quote a maximum price, which will not be exceeded, no matter what the cost; while, if actual cost proves less than the estimate, the purchaser will get the difference. He will pay only the actual cost plus a small percentage for insurance of the guild against the risk of loss which is involved in this form of contract. The proportion of the saving so allocated shall, however, never be more than 50 per cent, the remaining 50 per cent or more going to the purchaser in reduction of the price.

Another form of contract which may occasionally be used is the "guild labor contract," under which the purchaser supplies the materials and the guild the labor and organizing personnel. With these new forms of contract the guilds are now entering seriously into competition with private builders for building and repair work of every kind. To facilitate this effort a trade-union loan of £150,000 is being raised for the purchase of additional yards, joinery, and other works equipped with the most up-to-date machinery.

DISTRIBUTION OF GUILD EARNINGS

Under guild forms of contract no large surplus earnings can accrue. The only sums paid to the guilds, which are not identical with the costs to them of the services they render, are the £40 per house for continuous pay and the 6 per cent, calculated upon estimated cost, to provide for plant and office equipment and for office administration. Such slight surpluses as do accrue are to be spent in paying the debts incurred in effecting the initial organization of the enterprise, and in improving the quality and efficiency of the service.¹

Managerial and technical workers are paid somewhat less than they could get in the service of private enterprise. Workers in subordinate clerical positions are paid the going rates for their respective types of work. Manual workers receive the standard union rates, but the guild, unlike the private employer, pays them their full wages during sickness, accidents, bad weather, and holidays. Much time is habitually lost upon building projects because of inclement weather, and hitherto the burden of this lost time has fallen principally upon the manual worker. The maintenance of so-called "wet time" pay is a fundamental principle with guildsmen, and a source of much of the loyalty and enthusiasm for the movement revealed thus far by the rank and file of the workers.

CONSTRUCTION ECONOMIES SHOWN

Complete returns as to building costs have not yet come in from any district on a large scale, but figures are available on a few

¹ Sparkes, "Solving Housing in England," *Nation*, CXII (January 5, 1921), p. 15

small contracts. The official investigations by the Ministry of Health into the cost of the Walthamstow houses show that the final cost is likely to be about £88 per house below the guild estimate, which itself was approximately 10 per cent lower than the lowest contractor's tender. The guild estimate averages about £990 per house including the provisions for overhead and for continuous pay. The cost of this continuous pay liability works out at about 11½ per cent of the wages paid. It can be said, therefore, that the guild has advanced the standard rate of wages by 11½ per cent, and at the same time has reduced the cost of building below its own estimates by at least 7 per cent. On the Manchester work the first houses completed show a saving, as against contractors' estimates, of from 15 per cent to 18 per cent. At Bentley in Yorkshire the saving has been equally great, and the quality of workmanship is alleged to be superior.¹ A similar report comes from Wigan where a batch of houses has just been completed.²

Testimony as to a major source of this economy comes to us in novel fashion. Mr. Stephen Easton, ex-president of the National Federation of Building Trade Employers and ex-adviser to the Housing Bureau of the Ministry of Health, while speaking before the Conference of Building Trade Employers in April last, asserted that the guilds had demonstrated that many private contract workers were doing less than half a day's work for a full day's pay. This was shown by the fact that the latter lay 350 bricks a day while the guildsmen lay from 700 to 800.³ The most significant report yet made comes from Mr. Ernest Selley, an independent investigator who, after studying the results achieved on five contracts, praises both the quality of the work done and the energy and enthusiasm with which everywhere he found men at work.⁴

APPRAISAL OF THE EXPERIMENT

Opinion as to the significance of the guild movement varies widely in different quarters. Most of the technical chiefs of the

¹ G. D. H. Cole, "Progress of the Building Guilds," *Journal American Institute of Architects*, May, 1921, p. 178.

² *Manchester Guardian*, July 30, 1921 p. 6.

³ *Guildsman*, April, 1921, p. 7.

⁴ Ernest Selley, "An Inquiry into the Working of the Building Guilds," *Garden Cities and Town Planning*, June, 1920.

Ministry of Health are favorable to the guild. The Labor Research Department is optimistic about the experiment and several committees of the Labor Party are studying it. A number of progressive business men are much interested, but the great majority predict for the movement a short life. There are millions, too, who have never even heard of the Guild of Builders.

But at present the movement is growing. Enthusiasm for it is spreading among the building-trade unions, the London organization being overwhelmed with volunteers for guild service. Already 115 guild committees have completed £300,000 worth of work and have contracts for £2,000,000 more.¹ The trade unions of some of the staple industries are beginning to show interest in the movement. In June there met in Manchester in the interest of the guilds a group of 285 trade-union delegates, many of whom were from outside the building industry. A trade-union Guild Council was formed whose purpose is to secure complete financial and moral support of trade unionism for the guilds.² The council urges that the time is ripe for the incursion of the guilds into other industries than building. In fact, in Manchester a guild is now being organized in the furniture trade. At Welwyn, in Hertfordshire, an agricultural guild has begun operations on a 500-acre tract of land. The Dockers' Union in South Wales, which has for some years worked in part under a collective contract, has now taken over the organization and supervision of loading and unloading work.³ The Union of Post-Office Workers has recently adopted as one of its chief objects, "The organization of the post-office workers into a comprehensive industrial union with a view to the service being ultimately conducted and managed as a national guild."⁴ The post-war reversals with which conventional trade unionism has met have made many of its adherents more ready to plan the abolition of the wage contract and of private profit.

But all has not been smooth sailing for the guilds. At the outset the Manchester guild was threatened with boycott by commercial concerns. This obstacle was overcome by the prompt

¹ *Manchester Guardian*, July 25, 1921, p. 8.

² *Ibid.*, June 13, 1921, p. 4.

³ *Guildsman*, May, 1921 p. 8.

⁴ George Middleton, *Guild Socialist*, September, 1921, pp. 4, 5.

offer of the Co-operative Wholesale Society to supply the guild with materials. More serious was the difficulty which rose in government quarters. In December, 1920, the Ministry of Health announced that, since it regarded guild work as an experiment, it would limit its sanction to twenty contracts. This rendered fruitless guild negotiations then in progress with several borough councils. Soon thereafter the first authentic figures as to guild economies in building became known. These facts brought a protest from a group of private employers against what they termed the "preferential treatment" accorded the guilds in the form of the allowance of £40 per house for continuous pay. Mr. Stephen Easton, in resigning his post with the Ministry of Health, gave weight to the employers' protest, and the Ministry shortly announced that it would sign no more contracts containing the continuous-pay clause, a provision which the guilds regarded as a cornerstone of their policy. This deadlock was soon rendered of practical insignificance by the announcement of Sir Alfred Mond, new Minister of Health, that the desperate condition of the British budget compelled the government to abandon the subsidy of house building provided for under the Act of 1919. This means that local authorities, thrown upon their own resources, will be totally unable to carry out their housing programs, and that the private building of houses will also be checked, since building costs are far out of proportion to the rents that may be charged. Thus the guilds face the trying experience of an extreme depression in building activity.

If the guilds are to succeed they must compete with profit-seeking contractors on private building work. The outcome would seem to turn largely upon the question of the morale of the guild workers. The short life which employers commonly predict for the movement will certainly be realized unless (*a*) the rank and file continue to appreciate the worth of technical ability; (*b*) the manual and clerical workers maintain an enthusiasm for public service that will call forth efficient work at wages identical to ordinary union rates; (*c*) men of great managerial and technical ability are willing to make the pecuniary sacrifice involved in giving their best to a non-profit-making organization.

Whatever may be one's expectation with regard to the foregoing points the movement at present clearly possesses certain elements of strength: (a) It gives a place to mental workers which former democratic movements in industry have failed to do. (b) The method of organization is, as has already been pointed out in this article, sounder than in the case of previous attempts at industrial autonomy. (c) The guilds compete in a field in which the capitalist system, with its motive of profit-making, has proved itself exceptionally incompetent to fill a great and widespread public need. (d) They have at present the economic backing of the Co-operative Wholesale Society, whereas past attempts at autonomous associations of producers have had no such powerful association of consumers to aid them in their competition with capitalist employers. (e) The method leaves ample room for experiment and personal initiative. (f) Building is an industry requiring relatively little fixed capital, so that the problem of the ownership of the instruments of production is relatively unimportant.

This last point merits elaboration. The recent proposal of the miners that they take over even a large share of the control of their industry, necessarily involved the whole of that industry, and presupposed the nationalization of the vastly valuable mining properties. The program of the building guilds, although similar in principle, seems less startling. Here the workers are setting themselves, without the direction of the capitalist, to supply the people's need for houses. The nature of the industry is such as to make this program possible while yet avoiding the necessity of immediate and sweeping legislation such as would disturb the political atmosphere and arouse violent class opposition. It is the kind of effort that may appeal to many who feel keenly the failure of the present system of production to adapt itself closely to human needs.

GUILD PRINCIPLES

To make a critical analysis of guild principles is beyond the scope of this article. Yet a sketch of the building-guild experiment would be incomplete unless placed in its setting as an attempt at the partial expression of certain fundamental principles. Guildsmen stand negatively for the elimination of capitalism, not through

attack upon property, but by assault upon the wage system.¹ They insist (a) upon the recognition and payment of workers as human beings rather than as the embodiment of so much industrial power. They therefore urge continuous pay for every worker in an industry whether or not he is permitted to work. (b) They advocate the control of production in each industry by the workers in that industry. (c) Under the guild system the workers are to have a claim upon the product of their work (and the winning and exercise of the control over investment, purchase, and sale which this involves is conceded by guildsmen to be the most difficult part of the whole task of reconstruction).² It is the faith of guildsmen that under these conditions the workers would find their most satisfying self-expression in their work, and that the motive of service-rendering would become a dominant one.³ Industrial efficiency would be achieved as an incident in the process of abundant living rather than as an end in itself.

Concerning the relation of guilds to the political state the proposals of guildsmen are stimulating. Most of us, individualists and socialists alike, assume that the state must inevitably become more, rather than less, closely interwoven with the organization of industry.⁴ Guildsmen, however, would separate the political state from the producers' state. As producers men should organize by function; in each industry there should be local, sectional, and national councils democratically chosen to administer production. As consumers men should organize in geographical association (the state) to execute such purposes as the maintenance of parks, roads, houses, water supply, health, education, and interstate relations. This consumer-state would also share in fixing prices and amounts of product, and in deciding the amount and character of new investment—which is, in effect, the employment of labor and materials in making capital goods instead of consumers' goods. There is thus to be a pluralistic state with a sort of balance of power in which the organized producer will find it hard to exploit the

¹ G. D. H. Cole, *Self-Government in Industry*, chap. vi.

² *Ibid.*, chap. vii.

³ S. G. Hobson, *National Guilds and the State*, chap. ix.

⁴ J. A. Hobson, *Democracy After the War*, pp. 181-82.

consumer, and the organized consumer will find it hard to exploit the producer.¹

Guild theory is, in origin, largely a reaction against the bureaucratic collectivism advocated by some prominent members of the Fabian Society on the one hand, and against the inadequacies of syndicalism on the other. We find some guildsmen putting what seems an extreme emphasis upon local autonomy and local initiative as the sole condition of tolerable freedom.² Others recognize the worth of large-scale production and of wide collective action.³ In the more recent writings of Cole there is a clear tendency to give more weight to the organization of "citizen-consumers" in communal life, and to the necessity of state watchfulness for the welfare of future generations as against the immediate desires of either producers or consumers. On the other hand one notes with interest in the recent work of the Webbs on a socialist commonwealth⁴ the unmistakable impress of guild thought. Whether guild socialism has a significant contribution to make it may be too early to judge, but the present attempts to set its principles in motion have made it worthy of thought.

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¹ Leonard Woolf, "Co-operation and Guild Socialism," *Guildsman*, December, 1920, p. 3.

² E. Townshend, "Wanted: A Bridge," *Guildsman*, December, 1920, p. 5.

³ G. D. H. Cole, *Chaos and Order in Industry*, chap. iii, iv.

⁴ S. and B. Webb, *A Constitution for The Socialist Commonwealth of Great Britain*.